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Intellectual Property Rights in the Canada-United States Relationship

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INTELLECTUAL PROPERTY RIGHTS IN THE CANADA-UNITED STATES RELATIONSHIP

Session Chair – Christopher Hunter
United States Speaker – William Manson
Canadian Speaker – Margaret Ann Wilkinson

INTRODUCTION

Christopher Hunter

MR. HUNTER: We should get started with the afternoon session, if everyone could please take their seats. This should be an interesting discussion. My name is Chris Hunter, and on my left is Bill Manson. On my right is Margaret Ann Wilkinson. This panel is asked to talk about intellectual property and intellectual property rights in the Canada-United States relationship, particularly examining the protection and enforcement of intellectual property rights and potential methods to achieve convergence.

Our first speaker this afternoon is Bill Manson. Bill is deputy general counsel at Lubrizol here in Cleveland, a global specialty chemical company with manufacturing facilities around the world. It is one of the stars of Cleveland. Bill has been with Lubrizol since 1995, working in legal compliance contracting. Before that, he was in the litigation section of an international law firm. I should also mention he is a graduate of Bowling Green State University here in Ohio, and has a Ph.D. in Economics from Virginia Tech in 1980. Bill, the floor is yours.
MR. MANSON: Thank you. First, I guess I should begin with some disclaimers. I will do my best to keep you awake for this last hour before you head off to the cocktail hour. That is not a disclaimer; that is a goal. My disclaimer, of course, is that the opinions are my own and not necessarily those of my clients or the many fine professionals with whom I have worked. That really had to be reinforced given that one of our last speakers, Cyndee, is from Lang Michener. When I was asked to participate in this panel, I called some of my dear friends who happened to be at Lang Michener, Don MacOdrum and Peter Wells, in particular, and chatted with them about Canadian patent law. I spent many years working with them on patent litigation, so, to the extent I learned from them and got it wrong, it is certainly not their fault.

At my company, we are fortunate that for the last ten years, we essentially avoided patent litigation. But for many years before, Lubrizol was engaged in active litigation to enforce its patent rights. One of the things I am often asked by people from other parts of the industry is, “What value did you get from enforcing your patent rights against that company? You have spent so much in litigation.” That can be a difficult question to answer. Litigation is always costly, and it is always a disruption for the business team. Even if you prevail, it can be difficult to determine if the victory was worth the cost. Many aspects of the costs and benefits are hard to quantify. However, one of the hardest things to quantify is the value, if any, of the message that is sent...
by companies who protect their rights. There is, of course, value in sending a message to the market that you are indeed willing to take on the costs of litigation to enforce your rights.

Today, I would like to give you a business person’s perspective of enforcing patent rights. I am not an intellectual property (IP) practitioner. I am not a member of the IP Bar. I do not file patent applications. When we get into the technical subjects about what is patentable, I really cannot address those subjects; I will rely on my learned colleagues on the panel to address those issues. However, I have spent time with a very important part of patent law. Once I get a right, what can I do with it? If someone is infringing my patent, what happens and where do I go?

We have to remember that patents are creatures of national law, and like every other regulatory subject that we have addressed during this conference, there are going to be differences. The laws in Canada are different to some extent from the laws in the United States. From my perspective, there is a great deal of similarity in the fundamentals of patent law. When we look at enforcement, on the surface there appears to be a great deal of similarity between the laws of the United States and Canada. Nevertheless, there are some subtle differences, which can make significant cost differences for the party that wishes to enforce its patent rights.

Before we begin to look at enforcement, we have to understand from a business perspective why we go after patents and what the costs of getting patents are. Obtaining a patent does not come at zero cost. Patents can be expensive to obtain, expensive to maintain, and indeed expensive to enforce. The mere fact that you get a patent does not necessarily mean that you are going to be comfortable enough with your legal position to enforce that patent. Moreover, the ability to enforce varies across jurisdictions, and so a lawyer must get the business client to look and analyze where the business needs to protect its patents.

From an international perspective, the business must ask if it truly needs a patent in every jurisdiction. Will a patent in the United States suffice? Does the business need a patent in Canada? Does it need to patent in various jurisdictions in other parts of the world? If it were to, for example, go to a country that did not enforce patent rights, would it be worth the time to patent in that country?

However, before we even get to the question of enforcement, we must first examine what the nature of the market is where the goods are being made. If your industry has commodities of scale and relatively few manufacturing facilities, perhaps that will help guide your patenting strategy. If you have a competitor manufacturing on the other side of the border and you want to be able to exclude them from your invention, you may want to have a patent to ensure that they are not manufacturing something that would infringe your rights. However, if a patent in one country will effectively fore-
close a competitor because of the way goods move, the company may not need to have patents in every country.

From a patent owner’s perspective, when there is a belief that infringing activity may be occurring, the owner needs to start the inquiry by looking at where the claimed infringing activity is occurring, where it is expected to occur, and which courts have jurisdiction to address the issue. When we look at North America, we look to see on which side of the border the infringement is happening, where the manufacturing is occurring, and where the sales are. If there are two forums, and infringement exists in both, should I bring the litigation in one of those courts more rapidly than the other? It is important to make the decision carefully where to first pursue the action, or whether to simultaneously pursue in more than one jurisdiction. We are going to be talking about these procedures later; but as you think about enforcement decisions, you start to think about what the costs are, what is the extent of the infringement in each jurisdiction, and what is the effectiveness of the remedies that are available. If I bring a suit in Canada, will I be better off? Will the case move more quickly, or more slowly? What kinds of remedies do I get? If I pursue my case in Canada first, will I be able to get an injunction? Will I be able to do something that affects both markets? Those are all questions we must examine.

The first thing to look at in a jurisdiction is whether you can get an injunction quickly. Can I get an interlocutory or preliminary injunction? At least from a Canada and United States perspective, these remedies are available on both sides of the border. From my perspective, there is not a huge amount of difference in terms of getting an injunction. You have the potential of achieving that level of relief in the courts of either country. However, there are differences between Canada and the United States system with respect to the type of monetary remedies that are available.

There are also differences in the nature of the process. For example, in various countries litigation procedures can be very different. If I were to bring a patent case in the United Kingdom, in principle, I can get a judge who has come out of the Patent Bar and who is a specialist in patent litigation. However, if I bring the case in Canada, it could be assigned to any federal judge.

In the United States, however, judges are randomly selected. You might end up drawing a judge that dislikes hearing patent cases and having to deal with the technical and tactical arguments that arise in such a case. On the other hand, you may get a judge that feels very comfortable handling patent

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cases. If you are the party starting litigation, you just hope to draw a judge that is comfortable handling patent cases.

The other thing that is very different in the United States is that we have the jury system. Many clients might not want to have jurors deciding whether or not their chemical structure or electrical circuitry was patentable. For many people, listening to technical discussion may be a difficult matter; and knowing that your highly technical case will be decided by jurors who are not likely to have technical skills can be scary to all of the parties involved. Jurors may not even have a university-level education; and, even if they did, they may not have a background in science. Therefore, in deciding where to bring an action, one may want to consider who the decision maker will be: will it be a generalist judge, a specialist judge, or a jury?

One of the bigger differences on the two sides of the border is the nature of discovery. I began my law practice before a lot of the great advances in electronics had happened. I remember sitting in a work room that was filled with three-ring binders containing the depositions of all the witnesses that were taken. That is the nature of American proceedings. You will get a huge number of documents and many depositions; in addition, you will work extensively with experts.

In Canada, at least in principle, the process might be a little bit more streamlined. Depending on your perspective, this may or may not be good. The nature of discovery is a little bit different in Canada. It is a little more limited. In the Canadian system, they would argue it gets to the point and helps to avoid extraneous matters. A Canadian might argue that when U.S. lawyers pursue all those depositions, the key points in the litigation may become obscured. On the other hand, broad discovery might help a litigant discover the essential facts in the case. In the United States, we have very broad document and deposition discovery. Canada has documentary discovery, but there is generally more limited oral discovery. You have discovery of a party, the inventors, and the assigners. It is a much more limited approach to oral discovery, which can make the case somewhat more cost effective. In any event, the role of discovery in modern litigation is a huge consideration; it is one people must consider when deciding whether to start a case in Canada or the United States.

Another aspect to consider is the time to decision. On this point, I am not sure which system wins. At one time, I believed the Canadian process might work more quickly. I do not believe that anymore. I will note, however, that there are a few jurisdictions in the United States that do have a very rapid

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10 Id.
procedure, the so-called “rocket dockets.” In those jurisdictions it will be expensive, but the case will move very quickly. But, for a general case, there is not a huge amount of difference between litigating in Canada or the United States.

On the procedural front, there is another aspect of Canadian litigation that will be interesting to an American litigator. When you bring a case in Canada, you may see interlocutory appeals, something you are far less likely to see in the United States. Important rulings early in a case can be taken up on appeal, and at least then you will get some level of resolution early. On the other hand, in the United States, you have certain procedures to start the determination of claims construction through the Markman hearing process. In Canada, there has been at least one case where someone attempted to have a Markman type hearing. The trial court allowed a process akin to a Markman hearing. But the appellate court felt it was inappropriate to allow such a process. While it acknowledged that it might be a good process and one Canada should consider using, the appellate court ultimately found that it was a question better left for the legislature.

To turn back for a moment to the remedies that are available, you have the ability to seek interlocutory or preliminary injunctions in both jurisdictions. Damages obviously are made available in both Canada and the United States, but there are different remedies available in Canada. In the United States, we always think of big jury awards and, at the same time, big punitive enhancements. Patent law in the United States does allow enhancement of damages; under appropriate circumstances, the court may apply a multiplier to the damages awarded. In Canada, multipliers do not exist. In theory, there may be some potential for punitive damages, but it is very limited. Lubrizol won a very large punitive damages award in Canada when a preliminary or interlocutory injunction was violated. However, the Court of Appeals eventually decided that it was an inappropriate number at that time, and that the parties would have to wait until the end of the case to determine what the appropriate number would be. The matter was resolved, so we do not know for sure how that would have gone.
There is a remedy, at least on the books, that may be available in Canada which is not available in the United States. In Canada, a patent owner may elect an accounting of the infringer’s profits.\footnote{Louis Vuitton Malletier S.A. v. Pi-Chu Lin, [2007] F.C. 1179, ¶ 49 (Can.).} My understanding of current Canadian jurisprudence, however, is that the value of that claim may be somewhat limited. Nevertheless, if you win a patent case in Canada, there is the potential for making the election that, instead of showing the damages directly to the patent owner, the owner may be able to get disgorgement of all the profits the infringer made.\footnote{Ductmate Industries Inc. v. Exanno Products Ltd., [1986] 13 C.P.R. (3d) 193, ¶ 18 (Can.).} That is something that is not available in the United States. However, as I indicated, it is not clear that this remedy remains a viable alternative in Canada.

Another difference between the two jurisdictions is related to recovery of costs. In exceptional circumstances, United States courts may award attorneys’ fees and costs.\footnote{35 U.S.C. § 285 (2010).} But it is very rare. However, these can be awarded in Canada, although a litigant is not going to recover the full amount of what was actually spent.\footnote{Merck & Co. v. Apotex Inc. [2002] F.C.T. 842, ¶ 43 (Can.).} Whether or not you feel that is a valuable remedy, it is something that does exist in Canada and, in general, does not exist in the United States.

I want to spend my last few minutes discussing a few other procedural differences. I want to start with the role of experts. It is my perception that in the United Kingdom and Canada, experts still have a sort of a rarefied aura about them and are therefore given more independence. In the United States, we also recognize the need to give experts a certain latitude that we would not give to other witnesses. However, at the same time, we permit a lot of cross-examination with expert witnesses, because we recognize they are being paid to give their scientific opinions.

Recently, a new procedure has been considered in Canada for experts: “hot-tubbing.”\footnote{Id. § 282.} It is a procedure that originated in Australia. In that procedure, also called concurrent evidence, experts are still chosen by the parties, but the key difference is that experts testify together at trial. The experts discuss the case, ask questions of each other, respond to inquiries from the judge and the lawyers, find common ground, and sharpen the open issues.\footnote{Adam Liptak, In U.S., Partisan Expert Witnesses Frustrate Many, N.Y. TIMES, Aug. 12, 2008, at A1.} I have not seen a demonstration, but from what I have read, Australia has been using this procedure to great effect.\footnote{Hon. Justice Steven Rares, Fed. Court of Austl., Speech at 4th Biennial Copyright Law} The Australians believe it is a very useful tool.
In the recent round of discussions of the federal rules, "hot-tubbing" was at least considered in Canada and, as I understand it, has not been completely ruled out. It was originally proposed by some in Canada that experts might be able to ask other experts questions, and have discussion without the lawyers present. That was ruled out at this time, but the concept of a procedure to simultaneously give evidence of competing experts will still potentially be available in Canada. It will be very interesting to watch if this develops and, of course, whether it will create yet another difference between the courts north and south of the border.

I have been involved in mediations where such a procedure was used. The mediators sat with the experts, out of the presence of the lawyers, and simply discussed the issues in the case. There are certainly a group of people who believe that the use of such a process will help drive a resolution. I have seen the process work in mediations, but I cannot say how well it will work outside of that setting.

The last thing I would like to discuss relates to dealing with litigation in any two jurisdictions. If you have a potential patent dispute that could be brought in the United States or Canada, there will always be a number of coordination issues to worry about. One of the main issues is the loss of privilege during the process. As part of the United Kingdom tradition, Canada has a greater willingness to maintain litigation privilege on documents.26 In the United States, however, there is very broad discovery when an expert testifies in both jurisdictions.27

In other types of cases involving multiple jurisdictional issues, it may not be very difficult to find different experts for each jurisdiction. If the issue is boiling down to economic damages, you can find an economist in any jurisdiction. However, if I am getting into a very technical question, an industry-based question, and I want to address the state knowledge at the time of the patent issuance, the pool of experts may shrink considerably. There may be a much smaller set of experts that a litigant is able to use. As a result, the litigant may want to use the same expert in more than one jurisdiction.

When an expert appears in the United States, courts generally require that everything the expert has seen relating to the case may have to be produced.28 If an expert is given materials in Canadian litigation, the United States rules may require him to divulge those materials. This would be true regardless of

and Practice Symposium: Expert Evidence in Copyright Cases – Concurrent Expert Evidence and the "Hot Tub" (Oct. 15, 2009), available at
26 Blank v. Canada (Minister of Justice), [2006] 2 S.C.R. 319, ¶ 36.
28 Id. at 26(a)(2).
whether or not the expert had testified in the Canadian litigation, or whether
the material would be privileged in the Canadian case. 29

Also, in Canada, there is more of a tendency to accept the concept, even
with solicitor-client privilege, of a limited waiver. However, I believe that in
the United States, it is much less likely that courts will accept the concept of
a limited waiver; once there is a partial waiver, the court will likely say privi-
lege is waived with respect to the entire subject matter.

There are two examples relating to the waiver of privilege in one jurisdic-
tion potentially impacting a matter in another. The first demonstrates how a
lawyer could cause a waiver of privilege. The issue arose in the process of
seeking a Mareva injunction in Canada. 30 The consequence was that the
court held that the process of filing caused the waiver of privilege. This
demonstrated that what you are doing in one jurisdiction may cause a poten-
tially negative outcome in another if you have not thought the matter all the
way through.

There is another case, while not from North America, that is worth noting.
It is a case that is now a decade old: Bourns v. Raychem in the United King-
dom. 31 The disclosures at issue were made during the taxation process for
costs, in a UK case that had been concluded. Bourns and Raychem had been
in litigation in many jurisdictions. Something was produced, that would have
been privileged but was offered for the limited purpose of the taxation of
costs issue. Whatever was produced was significant to the United States
lawyers, who wanted to take the disclosure made during the taxation process
to the United States courts. They wanted to argue that the item produced
could help them show that someone's testimony in a case in the United States
was false. Whether the document could be released from the UK proceed-
ings was an issue in front of both the trial level with Mr. Justice Laddie 32
and then the appellate court. Essentially, it highlighted an interesting princi-
ple of limited waiver. The court found that what was given up in the taxation
proceeding could still be considered privileged and, therefore, the documents
would not be let out of the United Kingdom. Canada might be closer to fol-
lowing that kind of approach.

I have just one last story, as I assume my time is about up. We had a situ-
ation in our case where we had an expert who had testified in Canada. I did
not see that trial, but my understanding was that his testimony was powerful.
He was a very respected polymer chemist. Years later he testified in other

29 Id.
(Can.).
31 Bourns Inc. v. Raychem Corp. (No. 3), [1999] 3 All E.R. 154 (C.A.).
32 Louis Bloom-Cooper & Robin Jacob, Sir Hugh Laddie, GUARDIAN (Dec. 2, 2008),
http://www.guardian.co.uk/uk/2008/dec/02/sir-hugh-laddie-obituary.
cases, at the time a retired scientist who had just gone through some surgical procedures. He was in his late 70s, and, during the numerous days of depositions, he said certain things which appeared to be somewhat inconsistent with his Canadian testimony. Eventually, under rule 1733, it led to an entirely new trial that was actually longer than the original. The scientist, when he had been ten years younger, had spent a couple of days on the stand in the original trial. When they brought him back in the Rule 1733 hearing, he spent two weeks on the stand. I believe the original trial was about twenty-nine days. The second trial, which dealt solely with whether he had testified correctly, was about the same number. In the end, an opinion by Justice Nadon completely exonerated the expert. The take away is that when an expert has given testimony in one case, all aspects of his or her work can be resurrected in other proceedings, especially when similar issues are involved. And, with the passage of time and the erosion of memory, it is possible that later statements may differ from earlier ones; this can lead to significant issues in litigation.

That really creates a very difficult situation for experts. For an expert there may well be many nuances of the case that were well known at one time, but months or years later those nuances may not be remembered with precision. That can be a very difficult problem when you are using an expert in more than one jurisdiction, for example, first in Canada and then the United States. It is compounded by the fact that some of the work, which was not produced in the Canadian courts the first time around, may need to be produced in the United States. Let me end my comments there and turn it over to my colleague.

MR. HUNTER: Bill, that was very interesting. We will hold off on our questions until after both speakers. I have a lot of follow-up questions for that, and I am sure other people do as well. Our next learned speaker this afternoon is Margaret Ann Wilkinson, professor at The University of Western Ontario. She is on the Faculty of Law. Ms. Wilkinson practiced law in Toronto for several years, joined the Faculty of Law of The University of Western Ontario in 1991, and became a full professor in 2003. Professor Wilkinson has spoken and published in the areas of intellectual property information and media law, information policy including health information

33 Lubrizol Corp. v. Imperial Oil Ltd., [1997] 2 F.C. 3 (Can.).
35 Dr. Wilkinson’s dissertation was on the “The Impact of the Ontario Freedom of Information and Protection of Privacy Act, 1987 upon affected organizations” (1992). For fifteen years (1992-2007) she held a joint appointment between the Faculty of Law and the Faculty of Information & Media Studies (FIMS). Since 2007, she has been fully appointed to the Faculty of Law, where she has graduate supervisory status, and also maintains doctoral supervisory status in library & information science at FIMS. See Wilkinson, supra note 3.
policy, as well as in the areas of management professionalism and professional ethics. We are very pleased to have Professor Wilkinson here. Margaret Ann, the floor is yours.

CANADIAN SPEAKER

Margaret Ann Wilkinson*

MS. WILKINSON: Thank you very much. Our conversation is about harmonization. For me, there is a threshold question about whether or not harmonization is always a good idea. I think there are some areas where it might be a better idea, in both the national interests of Canada and the United States, to leave countries free to go their own ways and to experiment. I am going to talk to you about one area where I think harmonizing too soon might be a problem. It is partly because I think that we have areas, and intellectual property is one of them, where we have tremendous differences between our two national social orders; this makes it difficult to decide how to harmonize for the best economic effect overall for North America. The issue that I think is a challenge is the way our two countries seem to be approaching secrecy. Secrecy in an information economy, and evolving information economy, is hugely powerful. I think Canada has two inconsistent things going on which make it difficult for us at the moment to be a consistent player in deciding how to manage secrecy.

From an intellectual property point of view, I am talking about the protection of confidence as an independent action, independent of a contract. For Canada, that is a huge new area, which only developed in Canadian law in

* Margaret Ann Wilkinson is director of the Area of Concentration in Intellectual Property, Information and Technology Law. Prior to her graduate studies (supported, inter alia, by a Social Science and Humanities Research Council doctoral fellowship), Professor Wilkinson practiced law in Toronto for several years. She first joined the Faculty of Law at The University of Western Ontario in 1991. In 1992, she became jointly appointed to the Faculty of Law and the then Graduate School of Library and Information Science, now the Faculty of Information and Media Studies. She retains her supervisory status for doctoral students in Library and Information Science and her supervisory status in the Graduate Program in Law, but is, since 2007, fully appointed to the Faculty of Law. She is also an adjunct professor at The Richard Ivey School of Business. Her thesis on The Impact upon Affected Organizations of the Ontario Freedom of Information and Protection of Privacy Act, 1987 won the American Society for Information Science Doctoral Dissertation Award. Professor Wilkinson has spoken and published in the areas of intellectual property, information and media law, and information policy, including health information policy, as well as in the areas of management, professionalism, and professional ethics.
In intellectual property law terms, this is a very new game for us. We will recompense the confider for a breach only if:

1. the subject matter is secret;
2. it is transmitted under circumstances of confidentiality; and
3. the information would save the confidante time, energy, and expense, and is used in an unauthorized fashion to the detriment of the confider.37

I will refer to this again, but there are a couple of things to point out that make this difficult in an intellectual property context as we move the discussion forward. At the moment, this is purely judge-made law. This is a decision of the Supreme Court of Canada,38 and there are good reasons in a Canadian context for suggesting that we should leave it alone. In other areas of intellectual property we legislate at the federal level. If we were to legislate in this area, then it would become open to Charter challenge. That might be a problem, whereas right now it is judge-made law as an action between private parties.

To draw your attention to the third element of the test, it departs significantly from language that is both in the North American Free Trade Agreement (NAFTA)39 and in Trade-Related Aspects of Intellectual Property (TRIPS),40 making it potentially a little harder for the plaintiff in the Canadi-

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37 Id. ("In establishing a breach of a duty of confidence, the relevant question to be asked is what is the confidee [confidante] entitled to do with the information, and not to what use he is prohibited from putting it. Any use other than a permitted use is prohibited and amounts to a breach of duty. When information is provided in confidence, the obligation is on the confidee [confidante] to show that the use to which he put the information is not a prohibited use.").
38 Id. (affirming the judgment of the Ontario Court of Appeal (62 O.R. 2d 1), in turn affirming the judgment of the Holland, J., at trial (53 O.R. 2d 737)).
40 Agreement on Trade-Related Aspects of Intellectual Property Rights art. 39.2, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement] ("Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial business practices, so long as such information: (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within circles that normally deal with the kind of information in question; (b) has commercial value because it is secret; and (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.").

The phrase "a manner contrary to honest commercial practices" is defined in a footnote to TRIPS as follows: "For the purpose of this provision, 'a manner contrary to honest commercial practices' shall mean at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third
an context. From an intellectual property point of view, little of this has been spoken of before. One of the things that is challenging in this conversation is that it is only since NAFTA and TRIPS that we have actually talked about protection of a confidence as being intellectual property; we stuck provisions requiring such protections in NAFTA and TRIPS in the chapters on intellectual property.\footnote{Id. art. 57 (stating that where the protection of confidences set out above appears, is the intellectual property agreement created within the World Trade Agreement); NAFTA, supra note 39, § 6 (the protection of trade secrets appears within Part VI on Intellectual Property).} I would argue to you that fundamentally protection of confidence is probably not intellectual property; the intellectual property devices were always designed to give an enhancement for giving up secrets. That was largely the impulse for both copyright and patent protection, and of course trademark is always in the hands of the public.\footnote{See Margaret Ann Wilkinson, Confidential Information and Privacy-Related Law in Canada and in International Instruments, in IS OUR HOUSE IN ORDER?: CANADA’S IMPLEMENTATION OF INTERNATIONAL LAW 276-278 (Chios Carmody ed., 2010).} Confidential information is a completely different conversation, and perhaps should not be talked of in the same manner. I would defer to my colleagues here that are in business, but at some level I am not sure that you actually need an international protection of a secret that is secret in a particular jurisdiction. We might want to come back to that conversation later.

In Canada, I do not think we have fully thought, during the same period from 1989 to present, about other information law developments which have occurred alongside the development of confidential information protection. From roughly 1975 to the present on the personal data protection side of the protection of information, Canada has allocated control over data in certain circumstances to two different sets of players: the confider of any secrets, on the confidential information side, and the subject of information, on the personal data protection side of the allocation of legal control over secrets. We have not really thought through exactly what it is we think we have done with that. As I will show in a moment, we are even a bit confused within the systems about what we are doing.

This is actually the slide that Paul Meyer\footnote{See CAN.-U.S. L. INST., 2010 CONFERENCE PROGRAM 10 (2010), available at http://cusli.org/conferences/annual/annual_2010/documentation/Final_program.pdf.} may have wanted for his presentation: this is personal data protection in Canada. It is a fully matured scheme in that it exists in every province and every jurisdiction; in that sense, it is fully worked out. However, it is completely inconsistent across Canadian jurisdictions, never mind across national borders. As you see at the bottom of the slide here, we have three different sets of things happening.\footnote{Dr. Margaret Ann Wilkinson, Presentation at the 2010 Canada-United States Law Insti-}
have one set of personal data protection legislation that governs the fourteen public sector jurisdictions, which can even differ between provincial and municipal levels and varies quite widely. We also have a second set of things happening. The number one set—the old set (personal data protection in the public sector)—is always paired with access legislation.


47 Except in the federal sphere, the personal data protection and access pairing in the public sector has occurred within the same statutes. See generally Alberta Privacy Act, British Columbia Privacy Act, Manitoba Privacy Act, New Brunswick Privacy Act, Newfoundland & Labrador Privacy Act, Northwest Territories Privacy Act, Nova Scotia Privacy Act, Ontario Privacy Act, Prince Edward Island Privacy Act, Quebec Privacy Act, Saskatchewan Privacy Act, and Yukon Privacy Act, supra note 45. At the federal level, PIPEDA, supra note 45, (which is actually a personal data protection law, rather than a privacy law) is paired with the Access to Information Act, R.S.C. 1985, c. A-1 (Can.). Indeed, in an extraordinary move, they were originally passed together as one enactment. See Access to Information Act and Privacy Act, S.C. 1982, c. 111 (Can.).
things that has happened, because personal data protection legislation is always paired with access, is that the protection of confidence in the business context is actually always broken when information goes into a public sector organization. No private sector organization can guarantee a confidence if it has to disclose information to the government, because you break confidence in making that disclosure. Or, in other words, the private sector organization loses control of the confidence because the control is now always vested in the public sector access statute; the elements of these statutes which govern information received from private sector organizations are all quite consistent across public sector access and personal data protection legislation. Looking at that, Canada is actually confused now because personal data protection paired with access is something that is older for us than personal data protection legislation existing without companion access legislation, as in the context of the private sector. We understand personal data protection when it is paired with access to government information.

We now have a second set of personal data protection statutes in Canada: personal data protection covering the private sector only. Even within Canada, the courts do not really fully understand that this is not paired with access. There is no intention in Canada that private sector organizations would have to give up their information to an outside requester, unless it is to a requester who is the subject of the personal data held by the private organiza-

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48 These provisions are known as "third party provisions." See Access to Information Act, supra note 47, § 20; Alberta Privacy Act, supra note 45, §§ 16, 32; British Columbia Privacy Act, supra note 45, §§ 21, 25; Manitoba Privacy Act, supra note 45, § 18; New Brunswick Privacy Act, supra note 45, § 6; Newfoundland and Labrador Privacy Act, supra note 45, § 27; Nova Scotia Privacy Act, supra note 45, §§ 3, 21, 31; Ontario Privacy Act, supra note 45, §§ 11, 17, 23; Prince Edward Island Privacy Act, supra note 45, § 14; Quebec Privacy Act, supra note 45, §§ 23, 24, 26; and Saskatchewan Privacy Act, supra note 45, § 19.

49 In Quebec personal data protection legislation for the private sector was introduced as early as 1993. See Protection of Personal Information in the Private Sector, R.S.Q., c. P-39.1 (Can. Que.). However, all other personal-data protection legislation in Canada is a direct response to the federal government's initiative in 2000. See PIPEDA, supra note 45; see also Alberta's Personal Information Protection Act, S.A. 2003, c. P-6.5 (Can. Alta.); see British Columbia's Personal Information Protection Act, S.B.C. 2003, c. 63 (Can. B.C.).

50 The federal government, for constitutional reasons, in passing PIPEDA, left room for, and indeed encouraged, provincial regulation of private sector activities in that the federal legislation anticipates the passage of "equivalent" provincial legislation, by providing that, once recognized as equivalent by the federal Cabinet, such provincial legislation will replace PIPEDA for provincial matters within that province. See PIPEDA, supra note 45, § 26(2)(b). Quebec's pre-existing act (Respecting the Protection of Personal Information in the Private Sector, R.S.Q., c. P-39.1 (Can. Que.)) has already been recognized by the federal government as equivalent to PIPEDA. However, although, as noted above, two other provinces have passed legislation for the private sector, they have not succeeded in persuading the federal government that the legislation is equivalent to PIPEDA (in Alberta, the Personal Information Protection Act, S.A. 2003, c. P-6.5 (Can. Alta.), and in British Columbia, Personal Information Protection Act, S.B.C. 2003, c. 63 (Can. B.C.)).
tion; this, of course, is governed by the personal data protection legislation. Probably because we are confused about where we are going as a country in these areas, in Canada we have a third set of statutes in some places for the health sector, where there are public and private sector players and major personal data protection activity in public-private sector partnerships. Four jurisdictions have tried to bridge differences between our first set of public sector legislation that is paired with access legislation and our second set of private sector legislation that is not paired with access legislation. Of the four, Ontario’s health sector legislation is the only one our federal government has accepted as having fully formed privacy regulation. If you actually do a study of this, many organizations operating in Canada in different jurisdictions have to currently comply with multiple personal data protection regimes at the same time in order to move anything along. What has happened with that, then, is we have actually had a bit of confusion about what is happening between sectors.

Personal data protection law is in rhetoric considered to be privacy law in Canada, but in fact it is not privacy law. We have very little privacy law. The four provinces with sectoral health personal data protection legislation in place are Alberta (Health Information Act, R.S.A. 2000, c. H-5 (Can. Alta.)); Manitoba (Personal Health Information Act, C.C.S.M. c. P33.5 (Can. Man.)); Saskatchewan (Health Information Protection Act, S.S. 1999, c. H-0.021 (Can. Sask.)); and Ontario (Personal Health Information Protection Act, 2004, S.O. 2004, c. 3, Sch. A (Can. Ont.)).

As noted, the provision for this process is contained in PIPEDA § 26(2)(b). See Health Information Custodians in the Province of Ontario Exemption Order, SOR/2005-399 (Can. Ont.).

Personal data protection legislation is relevant only once an organization has decided to seek information from an individual. Once an organization holds personally identifiable information, personal data protection legislation is intended to give an individual who is a data subject controls on the use of that information when the information is in the hands of that organization. Perhaps because the social conditions that personal data protection was developed to meet were so new and on a global scale, the vocabulary in this area became value-laden and confusing almost before any law was formulated—and the term “privacy” became identified as synonymous with this new area. That identification is not apt and is not serving well in the development of either privacy law or personal data protection law. I have made this point directly in connection with a critique of the recent decision of the Federal Court of Appeal in BMG Canada Inc. v. John Doe, [2005] 4 F.C.R. 81 (Can.). See M.A. Wilkinson, Battleground between New and Old Orders: Control Conflicts between Copyright and Personal Data Protection, in AN EMERGING INTELLECTUAL PROPERTY PARADIGM: PERSPECTIVES FROM CANADA 305-52 (Ysolde Gendreau ed., 2008).

Despite all the personal data protection which has been legislated across Canada, in the common law jurisdictions (i.e., every province and territory except Quebec), neither the legislatures nor the courts have recognized a tort of invasion of privacy per se. As the Manitoba Court of Appeal observed in Bingo Enterprises Ltd. v. Plaxton, [1986] 26 D.L.R. 604, at ¶ 17 (Can.): “It would appear that at common law the tort of violation of privacy in regard to disclosure of personal information has not been recognized in Canada. Neither counsel has supplied us with a case . . . . Counsel for defendants states simply that the tort has not be recognized although recognized in the United States of America.” As noted infra note 55, there are
In fact, we have only four provinces with any statutory protection of privacy at all. The only province that has fully developed privacy legislation is Quebec. That is, you cannot legally take information from me in a particular circumstance. The classic Quebec case was about a picture that was taken of a woman on the steps of a public building. It was published in an art magazine without her permission, and the entire issue had to be withdrawn under the privacy law. Personal data protection legislation is not about that at all. It is purely a control mechanism: it says that if an organization gets information about me, then I must have opportunities to access and control that information. It gives me power as an individual who is the subject of information, and it is essentially about power.

I went upstairs to the second floor here and saw open files with people's names on them. I do not know if that is just local practice, but that would be completely illegal anywhere in Canada now, because of the personal and private sector legislation. You could not have those sitting out like that.

three common law jurisdictions which have some legislation in the area of privacy protection (British Columbia, Saskatchewan, and Newfoundland and Labrador) but the ambit of the legislation is narrow.

In Quebec, in its Charter of Human Rights and Freedoms (R.S.Q. c. C-12 (Can. Que.)), privacy is given the highest level of protection in Canada. In British Columbia (Privacy Act, R.S.B.C. 1996, c. 373, s. 1 (Can. B.C.)), Saskatchewan (Privacy Act, R.S.S. 1978, c. P-24, s. 2 (Can. Sask.)), Manitoba (Privacy Act, R.S.M. 1987, c. P125, s. 2(1) (Can. Man.)), and Newfoundland and Labrador (Privacy Act, R.S.N.L. 1990, c. P-22, § 3 (Can. Nfld.)), privacy is protected only in surveillance, eavesdropping, and certain itemized commercial situations.

These statutes do not legislate whether organizations can gather information from individuals but, rather, if such information is gathered about individuals, how it is to be handled and used within organizations, and who can have access to it (and under what circumstances). Such legislation also gives rights of access to the individuals about whom information is held by organizations, as well as rights such as the right of correction and the right to require information about disagreement the individual has with the information about them being held.

As mentioned, institutions are not permitted to make personally identifiable information available to individuals other than those who are the subject of the information except in the circumstances set out in the statutes; otherwise, only the individual identified can see the information held by the organization about her or him. See PIPEDA, Alberta Privacy Act, British Columbia Privacy Act, Manitoba Privacy Act, New Brunswick Privacy Act, Newfoundland & Labrador Privacy Act, Northwest Territories Privacy Act, Nova Scotia Privacy Act, Ontario Privacy Act, Prince Edward Island Privacy Act, Quebec Privacy Act, Saskatchewan Privacy Act, and Yukon Privacy Act, supra note 45; Municipal Freedom of Information and Protection of Privacy Act and Local Authority Freedom of Information and Protection of Privacy Act, supra note 46; Protection of Personal Information in the Private Sector, Alberta's Personal Information Protection Act, and British Columbia's Personal Information Protection Act, supra note 49; and Alberta Health Information Act, Manitoba Personal Health Information Act, Saskatchewan Health Information Protection Act, and Ontario Personal Health Information Protection Act, supra note 51.
This personal data protection legislation, when you look at it closely, is actually, in the business context, about confidential information in the sense that it requires personally identifiable information about individuals to be closely controlled by businesses. Paradoxically, however, in Canada, while confidential information about general topics lies more and more within the control of the business (through the common action for breach of confidence), if the information held by a business relates to an identifiable individual, we have statutorily given ultimate control to the individual and not to the business. That is likely to make for a clash of cultures. The other thing that is interesting is that in the personal data protection sphere we have given time limits to the protection for individuals of personally identifiable information, just as we limit the protections we give to economic and moral rights holders under the Copyright Act. In confidential information, because it is a common law protection and is judicially made, there is no time limit at all. The time limits on protection take personal data protection as currently enacted in Canada away from both the tort privacy invasion (which is typically maintainable only during the lifetime of the individual, as in the case of libel) and the classic model of confidential information protection (which is potentially indefinitely protectable).

I just want to indicate two things here. First, when I talk about information going into government, all fourteen jurisdictions in Canada with inconsistent legislation have what is called third-party protections. In personal data protection language, third-party protection means protection for a busi-

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60 Rules under PIPEDA protect an individual’s information until twenty years after death or one hundred years after the document was created. See PIPEDA, supra note 45, § 7(3)(h)(i)-(ii). British Columbia has legislation with the same time frames. See British Columbia Privacy Act, supra note 45, § 36. Nova Scotia has provincial legislation that protects personal information of deceased persons until twenty years after death only. See Nova Scotia Privacy Act, supra note 45, § 30(c). Newfoundland’s legislation protects information for twenty years after a person’s death or for fifty years after the document was created. See Newfoundland & Labrador Privacy Act, supra note 45, § 42(c)(d). Alberta and Saskatchewan have statutes protecting personal information until twenty-five years after the individual’s death. See Alberta Privacy Act, supra note 45, § 17(2)(i); Local Saskatchewan, supra note 46, § 29(1)(2); and Saskatchewan Privacy Act, supra note 45, § 30(2). Prince Edward Island’s legislation protects personal information for twenty-five years after death, or seventy-five years after the creation of the record. See Freedom of Information and Protection of Privacy Act, R.S.P.E.I. F-15.01, §§ 15(2)(i), 40(c)(ii) (Can. P.E.I.). Ontario and Quebec legislation protects personal information until thirty years after death. See Ontario Privacy Act, supra note 45, § 2(2) and An Act respecting the Protection of Personal Information in the Private Sector, supra note 49 § 18.2. Manitoba’s provincial legislation protects information only until ten years after an individual’s death. See Manitoba Privacy Act, supra note 45, § 17(4).

61 The period of protection in Canada for both the moral and economic rights in works in copyright is the life of the author plus fifty years (from the end of the year in which the author dies). See Copyright Act, R.S.C. 1985, c. C-42, as amended, § 6 (Can.).
I have just shown you two examples. The legislation of these various jurisdictions are all worded differently and do not all conform to the common law test that I showed you on the first slide. For example, the federal protection of third-party information is wider than Ontario’s by a large margin. A company given a choice would prefer to give information to the federal government rather than the Ontario government. Of course, in business, that is not how it works. You have to give information to the jurisdiction that is giving you whatever benefit you are after. There is currently quite an inconsistency in that respect.

There is another confusion, which I will quickly address. This is an example of the Supreme Court of Canada getting itself mixed up. This is an access case: a requester asked for information from the Canadian Food Inspection Agency. The Canadian Food Inspection Agency in turn thought that the information being requested involved Heinz, one of our Leamington companies. So, the third party gave Heinz notice that there was a request for its business information. Heinz was unable to make out the case that the information was really business information, but they realized that it could be classified as “customer information.” Under personal data protection principles, customer information should not be released if it is personally identifiable information about a customer. So, Heinz raised this with the Canadian Food Inspection Agency, and the requester was ultimately denied access to the information. What is wrong with this from a power perspective is that

62 See Access to Information Act, supra note 47, § 20; Alberta Privacy Act, supra note 45, §§ 16, 32; British Columbia Privacy Act, supra note 45, §§ 21, 25; Manitoba Privacy Act, supra note 45, § 18; New Brunswick Privacy Act, supra note 45, § 6; Newfoundland and Labrador Privacy Act, supra note 45, § 27; Nova Scotia Privacy Act, supra note 45, §§ 3, 21, 31; Ontario Privacy Act, supra note 45, §§ 11, 17, 23; Prince Edward Island Privacy Act, supra note 45, § 14; Quebec Privacy Act, supra note 45, §§ 23, 24, 26; and Saskatchewan Privacy Act, supra note 45, § 19.

63 Presentation, supra note 44.

64 See Ontario Privacy Act, supra note 45, §17 (“A head shall refuse to disclose a record that reveals a trade secret or scientific, technical, commercial financial or labour relations information, supplied in confidence implicitly or explicitly, where the confidence could reasonably be expected to .......”) Because of the conditional phrasing italicized in the Ontario statute, its provisions are narrower than the federal provisions quoted above.


66 Although Heinz is an American company, it has been in Canada since it expanded into Leamington in 1909 and, although its Canadian head office is now in Toronto, Leamington remains a key element of its operations in Canada. See Canadians Trust the Purity and Goodness of Heinz!, H.J. HEINZ CO. CAN. LTD., http://www.heinzitup.com/contactus.asp (last visited Jan. 10, 2011).

67 Although the information in this case was about employees of Heinz, the principles upon which the Supreme Court decided the case would be equally applicable had the information been about Heinz customers.

68 The appeal to the Supreme Court was dismissed and the judgment of the Federal Court of Appeal ([2005] 1 F.C.R. 281 (Can.)) upheld; which in turn upheld the decision of Layden-
the people on whose behalf the information was withheld by the Canada Food Inspection Agency were never even given notice that the litigation was happening. It was not that these individuals raised an objection to the use of their personal data, it was that the power these individuals had over their personal data was appropriated by Heinz for its own interests. This just cannot be the right analytic way to go about this. 69 This case illustrates that in Canada we are not quite sure what we are doing.

What has happened in Canada is that we have completely different things happening if you are classified as a public sector organization rather than a private sector organization. If you are classified as a public sector organization, the breach of confidence action and accompanying protection in that area of law is not available to you; you are completely governed by access legislation. There is also personal data protection legislation with which you must comply. The latter is time-limited and has nothing to do with privacy from the perspective of the public sector organization’s treatment of personal data.

On the other hand, in the private sector, confidentiality has very strong protection, unless as a business you have to give information to the government. Businesses in Canada have only had to deal with personal data protection since 2004. 70 When you put all this together, and you look at NAFTA and TRIPS, one of the questions you have to ask is, whether Canada really meets its confidential information obligations? It is clearly close to doing so, but is it fully compliant with its obligations? If it is not fully compliant with its obligations, what on earth could it do to remedy the situation? On this

Stevenson J., [2003] 4 F.C. 3 (Can.).

69 The Supreme Court itself identified the Access to Information Act, as legislated, as inadequate. Nevertheless, the majority (Justice Deschamps, writing for himself and Justices Binnie, Fish, and Abella) convinced itself that, “[i]t is apparent from the scheme and legislative histories of the Access Act and the Privacy Act that the combined purpose of the two statutes is to strike a careful balance between privacy rights and the right of access to information. However, within this balanced scheme, the Acts afford greater protection to personal information.” ( [2006] S.C.R. 441, ¶ 35). The minority (Justice Bastarache, writing for himself, Chief Justice McLachlin, and Justice LeBel), on the other hand, noted the power imbalance that occurred with this decision: companies have control over personal-data disclosure that even the individuals involved lack: the minority maintained that corporate parties should be limited to claiming only the exemptions specifically targeted for them under the legislation. As Justice Bastarache points out: “Heinz is raising § 19 in the present case in order to protect the personal information of several of its employees.” (Id. at ¶ 101.) The majority, in the name of protection, wrested some control of personal information away from individuals, back into the hands of corporations. A better interpretation of the legislative intent in these statutes is that they were intended to balance access to government information with control over personal information, by the individuals affected, in both public and private sector settings: protection and control are different concepts.

70 Legal information related to PIPEDA, OFFICE PRIVACY COMMISSIONER CAN., http://www.priv.gc.ca/legislation/02_06_07_e.cfm (last modified Apr. 1, 2004).
slide, you can see all the components of the common law test expanded by the Supreme Court of Canada\textsuperscript{71} set against the requirements in NAFTA or TRIPS; each of the three elements of the Canadian common law test has slight problems with either NAFTA or TRIPS.\textsuperscript{72} In terms of forcing Canada to live up to its obligations, we might run into problems. To live up to our obligations, we would have to legislate.\textsuperscript{73} If we legislate, then we put ourselves into a space with the Charter.\textsuperscript{74} Since privacy is not directly addressed in Canada’s Charter, the Supreme Court has characterized it as quasi-constitutional.\textsuperscript{75} In fact, the Supreme Court has called privacy in Quebec a charter value under its Charter, even though Quebec has a statute which is its own provincial Charter.\textsuperscript{76} Confidential information has no charter place at

\textsuperscript{71} Lac Minerals Ltd. v. Int’l Corona Res. Ltd., [1989] 2 S.C.R. 574, 608-09 (Can.).

\textsuperscript{72} NAFTA only requires that Canada protect trade secrets, whereas our existing protection is wider. On the other hand, NAFTA requires that we protect information with potential commercial value, whereas it would appear that Canadian courts will only protect information with actual commercial value. TRIPS and the Canadian courts both focus on a wide ambit of protectable information and TRIPS, like the Canadian courts, appears focused on actual value. On the other hand, does the Canadian focus on detriment to the confider and benefit to the confidante equate with the notion of commercial value in the international trade agreements? Finally, both TRIPS and NAFTA focus on reasonable steps toward secrecy being required as the threshold for protection of the confience, which may not match the requirement in Canada that the information be transmitted in circumstances of confidentiality.

\textsuperscript{73} There is authority pointing to the provinces as the only jurisdictions capable of legislating in this area. See Safematic, Inc. v. Sensodec Oy, [1988] 20 F.T.R. 132 (Can.). On the other hand, more recently, in 2004, the federal government asserted competence over personal data protection related to commercial activities by legislating PIPEDA, relying on its constitutional power over trade and commerce. In order to avoid putting its confidence to a test, however, the federal government, as discussed above, has created a system of recognition for equivalent provincial statutes which can replace PIPEDA.

\textsuperscript{74} Canadian Charter of Rights and Freedoms, Part I of the Constitution Act § 2(b), 1982, being Schedule B to the Canada Act, 1982, c. 11 (U.K.).

\textsuperscript{75} See Lavigne v. Canada (Office of the Commissioner of Official Languages), [2002] 2 S.C.R. 773, ¶¶ 24-25; see also H.J. Heinz Co., supra note 65, at ¶ 28 (Justice Deschamps, for the majority of the Supreme Court, pointed out that “the Privacy Act has been characterized by this Court as ‘quasi-constitutional’ because of the role privacy plays in the preservation of a free and democratic society.”). Only quasi-constitutional, it would seem, because, as then Chief Justice Lamer pointed out, in his dissent in Aubry, supra note 57, ¶¶ 8-9, there are limitations on the notion of constitutionally protected informational privacy in Canada: “the decisions of this Court relating to § 8 [protection against unreasonable search and seizure under the Canadian Charter] recognize that there is a fundamental difference between a person’s reasonable expectation of privacy in his or her dealings with the state and the same person’s reasonable expectation of privacy in his or her dealings with ordinary citizens . . . . It would therefore be wrong to define the scope of the right to privacy between citizens solely on the basis of the decisions relating to § 8 . . . the right to privacy can have a different scope in private law.”

\textsuperscript{76} Quebec Charter of Human Rights and Freedoms, R.S.Q., c. C-12, § 5 (Can. Que.) (“Every person has a right to respect for his private life.”). Quebec is the only Canadian province to have enacted such a charter statute. See generally Aubry, supra note 57.
all, and freedom of expression has every charter place. The question of who should be balancing this for us is a very difficult issue. As a country, we need to be able to work out whatever it is we think we are doing before anyone tries to harmonize with us, or before we try to harmonize any more than we already are with anyone else. Thank you.

DISCUSSION FOLLOWING THE REMARKS OF WILLIAM MANSON AND MARGARET ANN WILKINSON

MR. HUNTER: Professor Wilkinson that was very well done. Thank you. Do we have any questions for our two esteemed panelists?

MR. CUNNINGHAM: Dick Cunningham. One thing that might be useful to add to the discussion of intellectual property litigation is that in the United States there is another route to patent other than litigation: Section 337. However, this can be a nightmare at times: it takes what would normally be three years of getting discovery, depositions, hearings, and motions and compresses it into four months' time. But it also has an overlay on it of a public interest and trade-type injury tests. In some areas, it has particular utility for patent questions that rise to levels of public policy. We just had one involving a big dispute between General Electric and Mitsubishi over patents for wind turbines. In that case, the patent issues got blended with the public policy issues about the development of wind energy in the United States; we got various agencies involved to support Mitsubishi's right to competition, which actually won the case. But it is an interesting addition. It is something you do not have in Canada; it is something that ought to be considered in terms of finding the right approach, particularly on international focused patent, copyright, and trademark issues.

MR. MANSON: The procedures of the International Trade Commission (ITC) are interesting. For those who are not familiar with those procedures, they are really efforts to stop the importation of something which is infringing. You are stopping something at the border, and that can include the whole product that contains the infringing material. The process does move rather quickly because it involves an administrative law judge and an appeals process. In addition, it does provide a sort of injunctive effect. It is a little different because it is really designed to stop things at the border, not the

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77 The parallel to the § 2(b) protection for freedom of expression under the Canadian Charter is § 3 of the Quebec Charter, which similarly protects freedom of expression.
infringement taking place by something made within your jurisdiction. You do not get the damages, but it does have the overlay of public involvement. The ITC will have people sit in on the depositions. It may also assign staff attorneys to monitor or be involved in the case. I guess they can be as active as they choose to be.

MR. CUNNINGHAM: We do that in the United States as well.

MR. MANSON: Yes.

MS. LUSSENBURG: Well, this is really a comment, but I think the Canadian trade lawyers would very much like to have a similar process in Canada. Unless Mr. Hartman has a different opinion than I do, the Canadian trade lawyers have been suggesting for a while that we harmonize with the United States to have a similar procedure.

MR. HUNTER: I might add we also have fairly effective customs rules, particularly for trademarks and copyrights. Not so with patents. Customs can stop things at the border even faster than an ITC proceeding. I do not know if Canada has a similar process. Do we have any questions?

MR. ROBINSON: Michael Robinson. I have a question for Margaret Ann. I know almost nothing about the Charter because it has always scared me. I am a business lawyer. I always understood the Charter did not protect any business' corporate commercial rights; it protected only individual rights. Can you help me understand how the Charter issue arises in terms of a business confidentiality agreement? How do you sneak in the Charter?

MS. WILKINSON: At this moment, you are totally right. When we look at confidential information as being protected either by private contract or by the common law action for breach, there is no Charter opportunity. I suggest that is possibly a good thing as we move forward with developing these protections. Canada now has obligations in the area of protecting confidences under the North American Free Trade Agreement and Trade-Related Aspects of Intellectual Property. One way of fixing that would be to legislate. If we legislate, then the legislation itself is taken as a government activity, and that legislation becomes subject to Charter scrutiny. The Supreme Court of Canada has indicated very clearly that it will treat intellectual property statutes as reviewable under the Charter. We did not even get into that issue here because we did not have a lot of time. It would be fun for another year, because we are still waiting for someone to do something. I believe we have been waiting now three rounds for copyright reform. We have had two

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bills die in work paper. They had another consultation in August. Any minute now, we are going to have a bill, and I think one of the things that is holding everyone up is that we do have a strong tradition of user rights language in the Supreme Court of Canada. Rights language does invoke Charter kinds of thoughts. That would be a problem if the thinking would be to tighten the hold of copyright holders. That is what I was thinking about. If we legislate, we will open ourselves up to challenge, and the Supreme Court of Canada has given indication in other areas of intellectual property that it will think about Chartering.

MR. ROBINSON: Thank you.

MR. HUNTER: There is another question back here.

MR. MCILROY: My name is Jim McIlroy. I just wanted to follow on what Margaret Ann was saying about copyright. Canada signed the Royal Intellectual Property Organization Treaties in 1997.84 In this domestic copyright reform, one of the objectives is to implement these treaties. My question to you is, do you see where we are trying to focus on harmonizing regulations? In the area of intellectual property, will this harmonization take place via international treaties that are negotiated and then implemented by domestic legislation? And will this lead to quasi-harmonization because everyone is trying to implement the same treaty?

MS. WILKINSON: With respect to the copyright debate, this is a hot issue. It is a very good idea, maybe, to do comparative patent legislating. We do not actually legislate that much in copyright. The reform in those bills is a huge issue,85 and I think there are two major points of contention. First, given that we have signed the World Intellectual Property Organization Treaties,86 how much further do we have to go in our current law to comply with these treaties? Second is whether taking laws from the United States is actually much further than we have to go? Our government has a problem; in 2004, we had a decision by the Supreme Court of Canada finding that fair


85 Bill C-60 was introduced into Parliament in June 2005 and died on the order paper when an election was called. Carys J. Craig, The Canadian Public Domain: What, Where, and to What End?, 7 CAN. J. L. & Tech. 221, 239 n.123 (2010). Similarly, Bill C-61, tabled in 2008, died on the order paper. Id. In June 2010, Bill C-32 was introduced which is, at the time of editing, in committee. Soji John, Canada Update May 2010 Through July 2010 Highlights of Major Legal News & Significant Court Cases, 16 L. & BUS. REV. AM. 897, 899 (2010).

86 WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty, supra note 84.
dealing is a user's right.\textsuperscript{87} We are now working with that. We are expanding it with decisions by our Copyright Board.\textsuperscript{88} We are just trying to make it work. There are major challenges for the government in trying to move forward with this legislation. It is not a popular topic, so the government is not eager to introduce it. There is really no way you can win with that legislation, so I do not think they are eager to bring it forward. The argument that you are making, that Canada must comply with its international obligations, is seen as an argument largely for copyright holders. Copyright users are all making the argument that we have user's rights in Canada. As a result, the language is becoming polarized.

MR. MCILROY: I am sorry. My question was not so much about where we do not have to sign onto an obligation. We have signed it, and if we do not want to ratify it, we will not ratify it. My question is not so much if we are being forced to do this by international treaty, but rather, will legislation flow from treaties that we voluntarily sign? We want to sign them. It is in our national interest to do so. And that is the way we are going to harmonize in the area of intellectual property: by signing international treaties and implementing them. That will force the harmonization that we have been discussing over the last couple of days. Do you see that happening? Or, am I right in hearing that there is a disconnect? In other words, we may never ratify what Canada is signing internationally, because we have moved on with the Supreme Court of Canada's CCH Canadian Ltd. decision.\textsuperscript{89} We are moving into a different era and therefore cannot really implement this treaty that we signed but never ratified.

MS. WILKINSON: I think we are on the same page. I apologize if I did not express myself correctly. I think there is an argument in the current copyright debate in Canada that we have a moral obligation to implement those treaties because we signed them. That has become part of the rhetoric. Never mind what the merits are, we have two rhetorics of right: right in our international obligations and right in our user's rights. And that is always a challenging space to be in when the government is trying to move forward. If you take the example of what is going on with copyright, leading by sign-

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\item \textsuperscript{87} See generally CCH Canadian Ltd. v. Law Society of Upper Canada, [2004] 1 S.C.R. 339 (stating that the fair dealing exception under the Copyright Act is a users' right).
\item \textsuperscript{88} See The Province of Alberta v. Canadian Copyright Licensing Agency, 2010 F.C.A. 198 (affirming, almost in its entirety, the decision of the Copyright Board below; however, the Federal Court of Appeal, in turn, has been appealed by the Ministers of Education to the Supreme Court.)
\item \textsuperscript{89} See generally Carys J. Craig, Digital Locks and the Fate of Fair Dealing in Canada: In Pursuit of 'Prescriptive Parallelism', 13 J. WORLD INTELL. PROP. 503 (2010) (discussing the intersection between fair dealing, as found in CCH Canadian Ltd. and the use of technological protection measures as required in the WIPO Treaties).
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ing an international convention\textsuperscript{90} has made it extremely challenging for the government to actually get the reform, even if it is a good reform. We have now put ourselves in a place of competing rhetorics. I am not sure how that is going to play out.

In connection with the conversation about customs regulation, I can fully understand that conversation in the patent environment. However, in the copyright environment, I think that customs regulation is a thing of the past. It can no longer help us. Copyright is in the electronic environment, and customs cannot help us in that regard.

MR. HERMAN: Larry Herman. You raised a question of protections under the North American Free Trade Agreement (NAFTA);\textsuperscript{91} you mentioned that Canada is close, but we may not be fully compliant. In order for that issue to be raised as a NAFTA issue, one of the other NAFTA parties would have to bring us to a NAFTA accounting. That is the only way in which a breach of an international treaty obligation under the NAFTA can be litigated.\textsuperscript{92} That would mean that the United States or Mexico would have to bring this forward as a dispute. It does not seem very likely that that would happen. Even if it did, a NAFTA panel cannot award compensation to the injured country. It cannot force Canada to change its legislative framework. It is sort of a theoretical situation. It is an interesting point, but it is very theoretical. We often hear in Canada suggestions that Canada is not compliant with its NAFTA obligations. In the real world, some other government has to bring that forward as a dispute, and that dispute has to be litigated. It is really an academic issue because the NAFTA panel could not award anything that would force Canada to change its law. The panel could not award compensation and could not provide a right of retaliation on the part of the other government. We are really not getting anywhere in raising those issues. That is my point.

MR. HUNTER: Okay. Thank you, Larry.

MS. WILKINSON: If I could just respond.

MR. HUNTER: Sure.

MS. WILKINSON: I think it is sometimes the role of the academic to raise the academic point. In the Canadian context, I think the Heinz litigation indicates that the relationship between personal data protection and confidential information is something that is going to raise the point. Business is extremely aware of the burden that personal data protection places on it. I agree with you that it is academic at this time, but I think that it could eventually become a very real issue.

\textsuperscript{90} WIPO Copyright Treaty, \textit{supra} note 84.

\textsuperscript{91} NAFTA, \textit{supra} note 81.

MR. HERMAN: It may not be academic in the sense that it is possible for a Canadian litigant to raise the issue. The courts have said it depends on the context, but Canadian law cannot be inconsistent with Canada's treaty obligations. There could be a remedy in the Canadian court system, but certainly not a remedy in terms of international treaty obligations under the North American Free Trade Agreement, even if Canada were to breach.

MR. HUNTER: Yes.

MR. FUNG: David Fung, here. I am not privy to all the intricacies of the different legislation. What I have experienced with intellectual property issues is that small companies are often subject to bullying from major corporations. Larger corporations will take smaller companies to court deny them their rights under the patent law simply because the costs of litigation are too high. I have seen one of my friends in Boston go bankrupt because one major corporation decided to take charge of his patent, use it, and say, if you do not like it, sue me in court. Has anything been done in this process that would level the playing field, or are we just continuing to allow this to happen?

MR. HUNTER: That is a really good question. I work for a large company, and patent litigation, even for a large company, is a big pill to swallow. It kind of segues into a question I have: if you had the same patent dispute in Canada and the United States, and suppose you had approximately the same amount of dollars at stake, would you choose Canada over the United States, all else being equal, because one might be less expensive than the other? Is that an opportunity for a cost reduction?

MR. MANSON: I think it could be cheaper in Canada. You just have to weigh that against the potential for the enhancement in damages. If you have someone who is a willful infringer, you may well have a situation where you can get enhanced damages if you can survive. Certainly, there are examples of companies that have worked out their arrangements, fought through, and in fact won their case. That is definitely a problem with litigation: litigation is expensive, and patent litigation is particularly expensive.

MR. HUNTER: Rebuttal?

MR. FUNG: In commercial disputes, we have come to that conclusion; now we are all putting in a clause about arbitration to avoid the high cost of litigation. Do you see the evolving use of arbitration as a means to resolve intellectual property disputes?

MR. MANSON: That is something a lot of people have talked about. My experience has been that I have looked to arbitration, and I would support arbitration in many contexts. Certainly, in an international context, it would be much easier for many countries to get an arbitral award enforced than to
get a litigation award enforced. That being said, if I am in the United States, I will arbitrate anything but the ownership of intellectual property. That is just my bias. I am more confident that you will get to the correct decision when one has two bites at the apple (i.e., first at trial and then at the appellate level). The arbitration result is final. Frequently, intellectual property litigation is about the ownership of a very significant asset, and I may want to retain my appellate rights.

MS. WILKINSON: Of course, arbitration cannot help the situation you gave us a moment ago. In the David and Goliath situation, there often was not a contractual relationship that could have created arbitration, so the litigation squashes the small player.94

MR. FUNG: I understand that. What I would like to suggest is that if arbitration from the legal professional’s perspective is a more fair way to deal with patent infringement, then smaller companies should use arbitration more. In Canada, we could create what is essentially a small claims court for intellectual property claims; a small player could go to a small claims intellectual property court and have its claim settled in a manner where it would not be disadvantaged by the size differences of the two entities.

MR. HUNTER: Perhaps such a company could go to a patent office and have them figure out if there is an infringement, which happens in some countries. In the next couple of years, people are going to realize that the patent system is somewhat broken; it costs so much to take these cases to trial. I think cost is driven a lot by discovery. You do not have that issue in other countries. In Europe, you do not have as much discovery on which to spend hundreds of thousands of dollars.95 We are getting estimates of two to three million dollars for a patent case in the United States.96 Even large companies cannot afford that, much less smaller companies. You have got to come up with an alternative. At the end of the day, you may not even get an injunction. A worst case scenario is that the infringers merely have to pay a reasonable royalty. You cannot tell me that is a good way to spend two or three million dollars—so the other side can walk away paying a reasonable royalty. That does not make sense for someone to make a significant investment in technology. There has got to be a reason for patents. You have to be able to get a good patent enforced, stop someone from using your invention, and get a reasonable settlement.

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96 Catherine Rajwani, Controlling Costs in Patent Litigation, 16 J. COM. BIOTECHNOLOGY 266, 266 (2010).
MR. MANSON: In a perverse way, things like e-discovery may actually work in favor of the small company. If you take the extreme example of the electronics company built in a garage, the larger company would request all the smaller company’s electronic records. The smaller company would respond by producing just two hard drives of information. That would be the extent of it. In the case of a big company, however, it would be dropping a million dollars to produce the e-discovery. So this might be quite an equalizer. Perhaps not enough to address your entire problem, but I see it as a little bit of an equalizer.

MS. WILKINSON: This also fits in with the subject of a “hot-tubbing.” I doubt very much we are going to have hot tubbing, but the topic has arisen in the context of trying to make the process more streamlined so that a small player would not be disadvantaged.

MR. MANSON: I will tell you that one of the things we have experimented with in litigation is to get an early neutral involved in patent cases. We have worked in some matters where we did not want a mediator. So, instead we would get someone both sides respected to hear a quick outline of the case and give a neutral evaluation of the matter. We would have senior executives listen to the outline presented by each side and the opinion of the neutral. In some cases, this would facilitate an early negotiation. This is a very effective way to get through disputes more quickly. There are some creative things that can be done by parties who are cost conscious. Of course, that will not address a situation where one side is acting unreasonably to impose costs on the other. This assumes parties have a similar cost-conscious approach to resolving the dispute.

MR. HUNTER: We are almost out of time, but we will take one last question.

MR. ROBINSON: Mike Robinson with another short question illustrating my level of ignorance about litigating patents. Having listened to the Research in Motion chaps complain about how badly they were abused in the United States, I had thought that this was the place to go if you were attacking a patent. There is always some federal court judge at the blink of an eye, forcing you to settle. The president was prepared to give up his Blackberry and the Federal Bureau of Investigation wanted to block the injunction as well. Maybe that is just a misunderstanding of what actually goes on in the United States in terms of patent litigation.

97 See generally Press Release, Research in Motion, Research In Motion To Contest Verdict In NTP Inc. Litigation (Nov. 21, 2002), available at http://press.rim.com/release.jsp?id=425 (commenting on a jury decision against Research in Motion in the U.S. District Court for Eastern District of Virginia).
MR. MANSON: In principle, I think you can get an interlocutory or preliminary injunction in either country. Clearly, the market in the United States is big; they were able to do that, and they got the result they wanted. The potential for damages in the United States can be very large, especially with the enhancement. Traditionally, if you win the first injunction, you are most likely home free. You may continue on, but that is the big step in many patent cases.

MR. HUNTER: It is very hard to get injunctions these days.

MR. MANSON: Yes.

MR. HUNTER: Being on the other side, I have found that very frustrating. When I have patents to enforce, I have to wait two, sometimes three years, to get a ruling so I can stop others from harming my company. This throws people out of work because we cannot make the product anymore, as it has shipped over to another country or another manufacturer. I have to wait three years before I can finally get a permanent injunction. In addition, there is a case now that says you are not even entitled to a permanent injunction. I am actually going the other way on this: injunctions are very difficult to get.

Well, any other questions on this? Thank you very much to everyone and our panelists, and we will adjourn for today.